

# COMMITTEE REPORT

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## MR. PRESIDENT:

The Senate Committee on Finance, to which was referred Senate Bill No. 232, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be **AMENDED** as follows:

- 1       Page 1, delete lines 1 through 17, begin a new paragraph and insert:
- 2       "SECTION 1. IC 6-3.1-19-1.5 IS ADDED TO THE INDIANA
- 3       CODE AS A NEW SECTION TO READ AS FOLLOWS
- 4       [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: **Sec. 1.5. As**
- 5       **used in this chapter, "pass through entity" means:**
- 6       (1) a corporation that is exempt from the adjusted gross
- 7       income tax under IC 6-3-2-2.8(2);
- 8       (2) a partnership;
- 9       (3) a limited liability company; or
- 10      (4) a limited liability partnership.
- 11      SECTION 2. IC 6-3.1-19-2.5 IS ADDED TO THE INDIANA
- 12      CODE AS A NEW SECTION TO READ AS FOLLOWS
- 13      [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: **Sec. 2.5. As**
- 14      **used in this chapter, "taxpayer" means an individual or entity that**
- 15      **has any state and local tax liability.**
- 16      SECTION 3. IC 6-3.1-19-3 IS AMENDED TO READ AS
- 17      FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]:
- 18      Sec. 3. (a) Subject to section 5 of this chapter, a taxpayer is entitled to
- 19      a credit against the taxpayer's state and local tax liability for a taxable
- 20      year if the taxpayer makes a qualified investment in that year.

(b) The amount of the credit to which a taxpayer is entitled is the qualified investment made by the taxpayer during the taxable year multiplied by twenty-five percent (25%).

(c) A taxpayer may assign any part of the credit to which the taxpayer is entitled under this chapter to a lessee of property redeveloped or rehabilitated under section 2 of this chapter. A credit that is assigned under this subsection remains subject to this chapter.

(d) An assignment under subsection (c) must be in writing and both the taxpayer and the lessee must report the assignment on their state tax return for the year in which the assignment is made, in the manner prescribed by the department. The taxpayer may not receive value in connection with the assignment under subsection (c) that exceeds the value of the part of the credit assigned.

**(e) If a pass through entity is entitled to a credit under this chapter but does not have state and local tax liability against which the tax credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to:**

**(1) the tax credit determined for the pass through entity for the taxable year; multiplied by**

**(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.**

**The credit provided under this subsection is in addition to a tax credit to which a shareholder, partner, or member of a pass through entity is otherwise entitled under this chapter. However, a pass through entity and an individual who is a shareholder, partner, or member of the pass through entity may not claim more than one (1) credit for the same investment.**

SECTION 4. IC 36-7-13-1.6, AS AMENDED BY P.L.174-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1.6. As used in this chapter, "district" refers to a community revitalization enhancement district designated under section 10.5, ~~or~~ 12, **or 12.1** of this chapter.

SECTION 5. IC 36-7-13-2.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2.6. **(a) Except as provided in subsection (b),** as used in this chapter, "gross retail incremental amount" means the remainder of:

**(1) the aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in a district during a state fiscal year; minus**

**(2) the gross retail base period amount;**

**as determined by the department of state revenue under section 14 of**

1 this chapter.

2 **(b) For purposes of a district designated under section 12.1 of**  
 3 **this chapter, "gross retail incremental amount" means seventy-five**  
 4 **percent (75%) of the amount described in subsection (a).**

5 SECTION 6. IC 36-7-13-3, AS AMENDED BY P.L.113-2002,  
 6 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 7 JULY 1, 2003]: Sec. 3. (a) For purposes of this chapter, "improve"  
 8 means to construct, reconstruct, or repair public ways, sidewalks,  
 9 sewers, drains, fences, or buildings, and to do all other things that  
 10 would enhance the value of real property and make it more suitable to  
 11 industrial use.

12 (b) A unit may acquire by purchase, gift, or devise, and own,  
 13 improve, maintain, sell, lease, convey, contract for, or otherwise deal  
 14 in, real property for the development of industrial parks or industrial  
 15 sites.

16 (c) A municipality may exercise powers granted by subsection (b)  
 17 in areas within five (5) miles outside its corporate boundaries.

18 (d) When a district is designated under section 12(e) of this chapter,  
 19 a unit may expend funds for the purposes set forth in subsections (a)  
 20 and (b) for the development of or to enhance the value of real property  
 21 used for retail purposes.

22 **(e) When a district is designated under section 12.1 of this**  
 23 **chapter, a unit may expend funds for the purposes set forth in**  
 24 **section 12.1(b) of this chapter for the development of or to enhance**  
 25 **the value of real property used for retail purposes and to make it**  
 26 **more suitable to industrial or retail use.**

27 SECTION 7. IC 36-7-13-3.4 IS AMENDED TO READ AS  
 28 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3.4. (a) **Except as**  
 29 **provided in subsection (b),** as used in this chapter, "income tax  
 30 incremental amount" means the remainder of:

31 (1) the aggregate amount of state and local income taxes paid by  
 32 employees employed in a district with respect to wages earned for  
 33 work in the district for a particular state fiscal year; minus

34 (2) the income tax base period amount;  
 35 as determined by the department of state revenue under section 14 of  
 36 this chapter.

37 **(b) For purposes of a district designated under section 12.1 of**  
 38 **this chapter, "income tax incremental amount" means seventy-five**  
 39 **percent (75%) of the amount described in subsection (a)."**

40 Page 2, delete lines 1 through 12.

41 Page 2, line 15, delete "a" and insert "a:".

42 Page 2, delete lines 16 through 42, begin a new line block indented

1 and insert:

2 "(1) first class city; or

3 (2) second class city.

4 (b) After approval by ordinance or resolution of the legislative  
5 body of a city described in subsection (a), the executive of the city  
6 may submit an application to an advisory commission on industrial  
7 development requesting that one (1) area within the city be  
8 designated as a district under section 12.1 of this chapter,  
9 regardless of whether another area in the city has also been  
10 designated as a district under section 10.5 or 12 of this chapter.

11 SECTION 9. IC 36-7-13-11, AS AMENDED BY P.L.174-2001,  
12 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
13 JULY 1, 2003]: Sec. 11. If a municipal or county executive submits an  
14 application requesting an area to be designated as a district under this  
15 chapter, the advisory commission on industrial development shall do  
16 the following:

17 (1) Compile information necessary to make a determination  
18 concerning whether the area meets the conditions necessary for  
19 designation as a district.

20 (2) Prepare maps showing the boundaries of the proposed district.

21 (3) Prepare a plan describing the ways in which the development  
22 obstacles described in section 12(b)(3), 12(c), 12(d), ~~or~~ 12(e), **or**  
23 **12.1(a)** of this chapter in the proposed district will be addressed.

24 SECTION 10. IC 36-7-13-12, AS AMENDED BY P.L.170-2002,  
25 SECTION 159, IS AMENDED TO READ AS FOLLOWS  
26 [EFFECTIVE JULY 1, 2003]: Sec. 12. (a) If a municipal or county  
27 executive has submitted an application to an advisory commission on  
28 industrial development requesting that an area be designated as a  
29 district under this chapter and the advisory commission has compiled  
30 and prepared the information required under section 11 of this chapter  
31 concerning the area, the advisory commission may adopt a resolution  
32 designating the area as a district if it makes the findings described in  
33 subsection (b), (c), (d), or (e). In a county described in subsection (c),  
34 an advisory commission may designate more than one (1) district under  
35 subsection (c).

36 (b) For an area located in a county having a population of more than  
37 one hundred twenty thousand (120,000) but less than one hundred  
38 thirty thousand (130,000), an advisory commission may adopt a  
39 resolution designating a particular area as a district only after finding  
40 all of the following:

41 (1) The area contains a building or buildings:

42 (A) with at least one million (1,000,000) square feet of usable

- 1 interior floor space; and
- 2 (B) that is or are vacant or will become vacant due to the
- 3 relocation of an employer.
- 4 (2) At least one thousand (1,000) fewer persons are employed in
- 5 the area than were employed in the area during the year that is ten
- 6 (10) years previous to the current year.
- 7 (3) There are significant obstacles to redevelopment of the area
- 8 due to any of the following problems:
  - 9 (A) Obsolete or inefficient buildings.
  - 10 (B) Aging infrastructure or inefficient utility services.
  - 11 (C) Utility relocation requirements.
  - 12 (D) Transportation or access problems.
  - 13 (E) Topographical obstacles to redevelopment.
  - 14 (F) Environmental contamination.
- 15 (4) The unit has expended, appropriated, pooled, set aside, or
- 16 pledged at least one hundred thousand dollars (\$100,000) for
- 17 purposes of addressing the redevelopment obstacles described in
- 18 subdivision (3).
- 19 (5) The area is located in a county having a population of more
- 20 than one hundred twenty thousand (120,000) but less than one
- 21 hundred thirty thousand (130,000).
- 22 (c) For a county having a population of more than one hundred
- 23 eighteen thousand (118,000) but less than one hundred twenty
- 24 thousand (120,000), an advisory commission may adopt a resolution
- 25 designating not more than two (2) areas as districts. An advisory
- 26 commission may designate an area as a district only after finding the
- 27 following:
  - 28 (1) The area meets either of the following conditions:
    - 29 (A) The area contains a building with at least seven hundred
    - 30 ninety thousand (790,000) square feet, and at least eight
    - 31 hundred (800) fewer people are employed in the area than
    - 32 were employed in the area during the year that is ~~ten (10)~~
    - 33 **fifteen (15)** years previous to the current year.
    - 34 (B) The area contains a building with at least four hundred
    - 35 forty thousand (440,000) square feet, and at least four hundred
    - 36 (400) fewer people are employed in the area than were
    - 37 employed in the area during the year that is ~~ten (10)~~ **fifteen**
    - 38 **(15)** years previous to the current year.
  - 39 (2) The area is located in or is adjacent to an industrial park.
  - 40 (3) There are significant obstacles to redevelopment of the area
  - 41 due to any of the following problems:
    - 42 (A) Obsolete or inefficient buildings.

- 1 (B) Aging infrastructure or inefficient utility services.
- 2 (C) Utility relocation requirements.
- 3 (D) Transportation or access problems.
- 4 (E) Topographical obstacles to redevelopment.
- 5 (F) Environmental contamination.
- 6 (4) The area is located in a county having a population of more
- 7 than one hundred eighteen thousand (118,000) but less than one
- 8 hundred twenty thousand (120,000).
- 9 (d) For an area located in a county having a population of more than
- 10 two hundred thousand (200,000) but less than three hundred thousand
- 11 (300,000), an advisory commission may adopt a resolution designating
- 12 a particular area as a district only after finding all of the following:
- 13 (1) The area contains a building or buildings:
- 14 (A) with at least one million five hundred thousand
- 15 (1,500,000) square feet of usable interior floor space; and
- 16 (B) that is or are vacant or will become vacant.
- 17 (2) At least eighteen thousand (18,000) fewer persons are
- 18 employed in the area at the time of application than were
- 19 employed in the area before the time of application.
- 20 (3) There are significant obstacles to redevelopment of the area
- 21 due to any of the following problems:
- 22 (A) Obsolete or inefficient buildings.
- 23 (B) Aging infrastructure or inefficient utility services.
- 24 (C) Utility relocation requirements.
- 25 (D) Transportation or access problems.
- 26 (E) Topographical obstacles to redevelopment.
- 27 (F) Environmental contamination.
- 28 (4) The unit has expended, appropriated, pooled, set aside, or
- 29 pledged at least one hundred thousand dollars (\$100,000) for
- 30 purposes of addressing the redevelopment obstacles described in
- 31 subdivision (3).
- 32 (5) The area is located in a county having a population of more
- 33 than two hundred thousand (200,000) but less than three hundred
- 34 thousand (300,000).
- 35 (e) For an area located in a county having a population of more than
- 36 three hundred thousand (300,000) but less than four hundred thousand
- 37 (400,000), an advisory commission may adopt a resolution designating
- 38 a particular area as a district only after finding all of the following:
- 39 (1) The area contains a building or buildings:
- 40 (A) with at least eight hundred thousand (800,000) gross
- 41 square feet; and
- 42 (B) having leasable floor space, at least fifty percent (50%) of

- 1           which is or will become vacant.
- 2           (2) There are significant obstacles to redevelopment of the area
- 3           due to any of the following problems:
- 4               (A) Obsolete or inefficient buildings as evidenced by a decline
- 5               of at least seventy-five percent (75%) in their assessed
- 6               valuation during the preceding ten (10) years.
- 7               (B) Transportation or access problems.
- 8               (C) Environmental contamination.
- 9           (3) At least four hundred (400) fewer persons are employed in the
- 10           area than were employed in the area during the year that is fifteen
- 11           (15) years previous to the current year.
- 12           (4) The area has been designated as an economic development
- 13           target area under IC 6-1.1-12.1-7.
- 14           (5) The unit has appropriated, pooled, set aside, or pledged at
- 15           least two hundred fifty thousand dollars (\$250,000) for purposes
- 16           of addressing the redevelopment obstacles described in
- 17           subdivision (2).
- 18           (6) The area is located in a county having a population of more
- 19           than three hundred thousand (300,000) but less than four hundred
- 20           thousand (400,000).
- 21           (f) The advisory commission, or the county or municipal legislative
- 22           body, in the case of a district designated under section 10.5 of this
- 23           chapter, shall designate the duration of the district, but the duration
- 24           may not exceed fifteen (15) years (at the time of designation).
- 25           (g) Upon adoption of a resolution designating a district, the advisory
- 26           commission shall submit the resolution to the budget committee for
- 27           review and recommendation to the budget agency.
- 28           (h) When considering a resolution, the budget committee and the
- 29           budget agency must make the following findings:
- 30               (1) The area to be designated as a district meets the conditions
- 31               necessary for designation as a district.
- 32               (2) The designation of the district will benefit the people of
- 33               Indiana by protecting or increasing state and local tax bases and
- 34               tax revenues for at least the duration of the district.
- 35           (i) The income tax incremental amount and the gross retail
- 36           incremental amount may not be allocated to the district until the budget
- 37           agency approves the resolution.
- 38           SECTION 11. IC 36-7-13-12.1 IS ADDED TO THE INDIANA
- 39           CODE AS A NEW SECTION TO READ AS FOLLOWS
- 40           [EFFECTIVE JULY 1, 2003]: **Sec. 12.1. (a) If the executive of a city**
- 41           **described in section 10.1(a) of this chapter has submitted an**
- 42           **application to an advisory commission on industrial development**

requesting that an area be designated as a district under this chapter and the advisory commission has compiled and prepared the information required under section 11 of this chapter concerning the area, the advisory commission may adopt a resolution designating the area as a district if it finds the following:

(1) That the redevelopment of the area in the district will:

(A) promote significant opportunities for the gainful employment of its citizens;

(B) attract a major new business enterprise to the area; or

(C) retain or expand a significant business enterprise within the area.

(2) That there are significant obstacles to redevelopment of the area due to any of the following problems:

(A) Obsolete or inefficient buildings.

(B) Aging infrastructure or ineffective utility services.

(C) Utility relocation requirements.

(D) Transportation or access problems.

(E) Topographical obstacles to redevelopment.

(F) Environmental contamination.

(G) Lack of development or cessation of growth.

(H) Deterioration of improvements or character of occupancy, age, obsolescence, or substandard buildings.

(I) Other factors that have impaired values or prevent a normal development of property or use of property.

(b) To address the obstacles identified in subsection (a)(2), the city may make expenditures for:

(1) the acquisition of land;

(2) interests in land;

(3) site improvements;

(4) infrastructure improvements;

(5) buildings;

(6) structures;

(7) rehabilitation, renovation, and enlargement of buildings and structures;

(8) machinery;

(9) equipment;

(10) furnishings;

(11) facilities;

(12) administration expenses associated with such a project;

(13) operating expenses; or

(14) substance removal or remedial action to the area.

(c) In addition to the findings described in subsection (a), an

1     **advisory commission must also find that the city described in**  
 2     **section 10.1(a) of this chapter has expended, appropriated, pooled,**  
 3     **set aside, or pledged at least one hundred thousand dollars**  
 4     **(\$100,000) for purposes of addressing the redevelopment obstacles**  
 5     **described in subsection (a)(2).**

6     **(d) The advisory commission shall designate the duration of the**  
 7     **district, but the duration may not exceed fifteen (15) years (at the**  
 8     **time of designation).**

9     **(e) Upon adoption of a resolution designating a district, the**  
 10    **advisory commission shall submit the resolution to the budget**  
 11    **committee for review and recommendation to the budget agency.**

12    **(f) When considering a resolution, the budget committee and the**  
 13    **budget agency must make the following findings:**

14       **(1) The area to be designated as a district meets the conditions**  
 15       **necessary for designation as a district.**

16       **(2) The designation of the district will benefit the people of**  
 17       **Indiana by protecting or increasing state and local tax bases**  
 18       **and tax revenues for at least the duration of the district.**

19    **(g) The income tax incremental amount and the gross retail**  
 20    **incremental amount may not be allocated to the district until the**  
 21    **budget agency approves the resolution.**

22    SECTION 12. IC 36-7-13-13, AS AMENDED BY P.L.174-2001,  
 23    SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24    JULY 1, 2003]: Sec. 13. (a) If an advisory commission on industrial  
 25    development designates a district under section 12 **or 12.1** of this  
 26    chapter or if the legislative body of a county or municipality adopts an  
 27    ordinance designating a district under section 10.5 of this chapter, the  
 28    advisory commission, or the legislative body in the case of a district  
 29    designated under section 10.5 of this chapter, shall send a certified  
 30    copy of the resolution or ordinance designating the district to the  
 31    department of state revenue by certified mail and shall include with the  
 32    resolution a complete list of the following:

33       (1) Employers in the district.

34       (2) Street names and the range of street numbers of each street in  
 35       the district.

36    The advisory commission, or the legislative body in the case of a  
 37    district designated under section 10.5 of this chapter, shall update the  
 38    list before July 1 of each year.

39    (b) Not later than sixty (60) days after receiving a copy of the  
 40    resolution or ordinance designating a district, the department of state  
 41    revenue shall determine the gross retail base period amount and the  
 42    income tax base period amount.

SECTION 13. IC 36-7-13-15, AS AMENDED BY P.L.192-2002(ss), SECTION 175, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 15. (a) If an advisory commission on industrial development designates a district under this chapter or the legislative body of a county or municipality adopts an ordinance designating a district under section 10.5 of this chapter, the treasurer of state shall establish an incremental tax financing fund for the ~~county~~ **district**. The fund shall be administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) Subject to subsection (c), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for the ~~county~~ **district** under subsection (a):

(1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the district, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the district.

(2) The aggregate amount of state and local income taxes paid by employees employed in the district with respect to wages earned for work in the district, until the amount of state and local income taxes deposited equals the income tax incremental amount.

(c) The aggregate amount of revenues that is:

(1) attributable to:

(A) the state gross retail and use taxes established under IC 6-2.5; and

(B) the adjusted gross income tax established under IC 6-3-1 through IC 6-3-7; and

(2) deposited during any state fiscal year in each incremental tax financing fund established for a ~~county~~ **district**;

may not exceed one million dollars (\$1,000,000) per ~~county~~ **district**.

(d) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a ~~county~~ **district** shall be distributed to the district's advisory commission on industrial development for deposit in the industrial development fund of the unit that requested designation of the district.

SECTION 14. IC 36-7-13-16, AS AMENDED BY P.L.174-2001, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 16. (a) A unit may issue bonds or other obligations to finance the costs of addressing the development obstacles described in section 12(b)(3), 12(c), 12(d)(3), ~~or~~ 12(e)(2), **or 12.1(a)** of this chapter in the district.

(b) The district bonds are special obligations of indebtedness of the

1 district. The district bonds issued under this section, and interest on the  
 2 district bonds, are payable solely out of amounts deposited in the  
 3 industrial development fund under this chapter.

4 SECTION 15. [EFFECTIVE JANUARY 1, 2003  
 5 (RETROACTIVE)]: **IC 6-3.1-19-1.5 and IC 6-3.1-19-2.5, both as**  
 6 **added by this act, and IC 6-3.1-19-3, as amended by this act, apply**  
 7 **to taxable years beginning after December 31, 2002.**

8 SECTION 16. **An emergency is declared for this act."**

9 Delete pages 3 through 6.

10 Renumber all SECTIONS consecutively.

(Reference is to SB 232 as printed February 7, 2003.)

**and when so amended that said bill do pass .**

Committee Vote: Yeas 13, Nays 2.

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**Senator Borst, Chairperson**